

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF VALLEY) CASE NO. 9689-A
GAS, INC.)

O R D E R

On July 21, 1987, the Commission issued its Order in Case No. 9689 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On July 23, 1987, Valley Gas, Inc., ("Valley") notified the Commission that its wholesale cost of gas had been increased by its supplier, Texas Gas Transmission Corporation ("Texas Gas"), effective August 1, 1987, and submitted with its notice certain information in compliance with its purchase gas adjustment clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Valley's notice of July 23, 1987, set out certain revisions in rates which Valley proposed to place into effect, said rates being designed to pass on a wholesale increase in price from its supplier in the amount of \$5,040 or 9.35 cents per Mcf.

(2) Texas Gas filed an application for decreased rates with the Federal Energy Regulatory Commission ("FERC") to become effective August 1, 1987.

(3) A legislative change in KRS Chapter 278, effective July 15, 1986, requires 30-days' notice of a change in rates with the Commission having the discretion to shorten the required period to 20 days upon showing of good cause. Reduction in rates will, as always, be made effective with the date of the supplier decrease. Increases in rates will be effective with 20-days' notice providing that: 1) the effective date from the supplier is not more than 20 days in the future, in which case the actual effective date will be used, and 2) the company has included in its filing a specific request that a tariff sheet or some other notification from the supplier be considered a showing of good cause for 20-days' notice. Valley included no request for a showing of good cause for 20-days' notice. The effective date will, therefore, be 30 days after Valley's notice, or August 22, 1987.

(4) Valley's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9689 dated July 21, 1987, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after August 22, 1987.

IT IS THEREFORE ORDERED that:

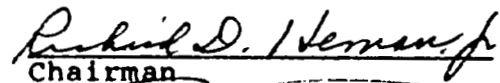
(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after August 22, 1987.

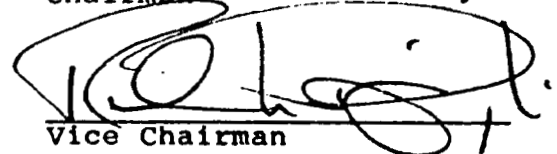
(2) Within 30 days of the date of this Order Valley shall report to the Commission any excess revenues collected during the period from July 1, 1987, to the date the proposed rates are implemented, along with a plan to refund any excess collections.

(3) Within 30 days of the date of this Order Valley shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 10th day of August, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9689-A DATED 8/10/87.

The following rates and charges are prescribed for the customers served by Valley Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

All Mcf \$3.8335 per Mcf

Customer charge \$3.00 per Month

The base rate for the future application of the purchased gas adjustment clause of Valley Gas, Inc., shall be:

Commodity

Texas Gas Transmission Corp. \$3.0822 per Mcf